

FISCAL NOTE

SB 1201 - HB 1516

April 3, 1997

SUMMARY OF BILL: Provides that any retired state employee who participates in the state group insurance plan, including the basic medical plan, and also receives a state disability retirement allowance would not have to discontinue coverage in the basic medical plan upon first becoming eligible for Medicare Part A (hospital insurance). Instead, the employee could continue in the basic medical plan up to the point at which Medicare eligibility would have been attained had disability not occurred. The retired employee at all times must remain eligible for the disability retirement allowance and retain Medicare Part B (medical insurance). The insurance premium would be the same as that charged to non-disability retirees not yet eligible for Medicare.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$473,000

| <u>Length of Service</u> | | <u>Number</u> | <u>Monthly Premium</u> | <u>Total Payment</u> |
|--------------------------|--------|---------------|------------------------|----------------------|
| less than 20 | 68.20% | 457 | \$69.01 | \$31,538 |
| 20-30 | 22.84% | 153 | 51.76 | 7,919 |
| >30 | 9.14% | <u>61</u> | 34.51 | <u>2,105</u> |
| Total | | 671 | | \$41,562 |

Estimated Premium Payment Annual Total \$498,744

| | | |
|---|--------------|-------------------------|
| Estimated average cost per disabled retiree (50% of the 1995 amount) | \$1789 | |
| Number of disabled retirees | <u>x 671</u> | |
| Annual Claims Payment | \$1,200,419 | |
| Difference (est. claims - premium \$1,200,419 - 498,744) | | <u>\$701,675</u> |

| | |
|---|-------------------------|
| Additional employer contribution 80% | \$561,340 |
| Reduced Medicare Supplement Expend. | <u>88,271</u> |
| Net Increase in State Expenditures | <u>\$473,069</u> |

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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